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The authors review Federal Circuit and PTAB decisions related to the PTAB's willingness to consider patentability arguments that weren't raised by the parties.

The Federal Circuit Endorses a Holistic Approach to Patentability in Post-Grant Proceedings



BY RICHARD M. MARSH AND BRADEN M. KATTERHEINRICH

In recent decisions, the U.S. Court of Appeals for the Federal Circuit has held that it will not review decisions by the Patent Trial and Appeal Board to institute an inter partes review or covered business method proceedings. But buried beneath those holdings is an endorsement of a more “holistic” approach to patent-

Rick Marsh focuses his practice at Faegre Baker Daniels on intellectual property matters, including patent prosecution, patent validity and infringement evaluations, patent portfolio management, freedom to operate/competitive landscape, post-grant patent proceedings, and litigation support.

Braden Katterheinrich helps clients prepare and prosecute patent applications in the electrical, software, magnetic and mechanical arts—leveraging past experience as in-house counsel for a global technology company.

ability decisions by the PTAB that does not just consider the specific arguments presented by the parties but instead addresses the patentability of the challenged claims in view of the record as a whole—even if that means considering arguments unraised by the parties.

Federal Circuit Decisions

One of the motivations behind creating the inter partes review (IPR) and covered business method (CBM) proceedings is the concern that the PTO “too often granted invalid patents,” with the hope that “bringing PTAB expertise to bear in a post-grant review system” would help mitigate problems caused by patents that should not have issued.¹ Several decisions by the Federal Circuit have endorsed that approach and, in fact, have sustained the PTAB's ability to exercise its “expertise” in considering more than just the particular arguments raised by the parties. For example, in *In re Cuozzo Speed Technologies*² and *SightSound Technologies v. Apple*,³ the Federal Circuit affirmed PTAB decisions that went beyond the particular arguments presented by the parties. This emphasis is found again in *Belden v. Berk-Tek*⁴ where the Federal Circuit re-

¹ *Prolitec v. Scentair Techs.*, No 2015-1020 at *15, 807 F.3d 1353, 2015 BL 398230 (Fed. Cir., Dec. 4, 2015) (Newman, J. dissenting) (91 PTCJ 374, 12/11/15).

² *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 115 U.S.P.Q.2d 1425 (Fed. Cir. 2015) (90 PTCJ 2542, 7/10/15).

³ *SightSound Techs., LLC v. Apple Inc.*, No. 2015-1159, 2015 BL 409789 (Fed. Cir. Dec. 15, 2015) (91 PTCJ 445, 12/18/15).

⁴ *Belden Inc. v. Berk-Tek LLC*, 805 F.3d 1064, 116 U.S.P.Q.2d 1869 (Fed. Cir. 2015) (91 PTCJ 91, 11/13/15).

versed in part a PTAB panel that had constrained itself to consider only the specific arguments presented by the parties.

Thus, through these decisions, the Federal Circuit has made its message clear: The PTAB can and should use its expertise in a more holistic approach to determining patentability.

In re Cuozzo

One of the issues in the *Cuozzo* case centered on whether the PTAB properly instituted IPR proceedings on two of the challenged claims. The original petition challenged claim 17 (which depends from claims 10 and 14) as obvious over several prior art references but did not specifically identify some of those prior art references when challenging the parent claims 10 and 14. Despite that gap in the petition, the PTAB considered the record broadly and instituted proceedings—noting that the assertion of unpatentability of a dependent claim implicitly indicates unpatentability for the parent claims. The PTAB ultimately determined that all three challenged claims were unpatentable over the prior art identified with respect to claim 17.

On appeal, the patent owner challenged the PTAB's decision with respect to claims 10 and 14 on the ground that the PTAB "relied on prior art that [the petitioner] did not identify in its petition as grounds for IPR as to those two claims"⁵ and emphasized the relevant statute requiring that an IPR petition "must identif[y] . . . with particularly . . . the grounds on which the challenge to each claim is based."⁶

However, the Federal Circuit declined to reverse the PTAB on this ground, holding instead that the PTAB's decision to *institute* IPR proceedings is not appealable.⁷ Importantly, the Federal Circuit did not stop at that conclusion but went on to support the PTAB's holistic consideration of the record: "The fact that the petition was defective is irrelevant because a proper petition could have been drafted The failure to cite [that prior art with respect to those claims] in the petition provides no ground for setting aside the final decision."

SightSound v. Apple

With this language in *Cuozzo*, the Federal Circuit appears to have given its stamp of approval to the PTAB exercising its "expertise" to a greater degree, and subsequent cases have confirmed that approval.

For example, in *SightSound*, the Federal Circuit reviewed a CBM decision in which the PTAB found all the challenged claims to be obvious. Yet the original petition challenged certain claims only on anticipation grounds. Despite the petitioner's limited position, the PTAB used its expertise to institute proceedings on obviousness grounds using other references in the record. Recognizing that it was going beyond the arguments presented by the parties, the PTAB gave "SightSound additional time for argument and authorized it to file sur-replies and new declaration testimony on the issue of obviousness" in order "to ensure that Patent Owner has a full and fair opportunity to be heard on the issue of obviousness."⁸ Ultimately, the PTAB held that the claims were unpatentable as obvious.

On appeal, the patent owner challenged the PTAB decision to institute proceedings on grounds not explicitly asserted by the petitioner. Citing *Cuozzo*, the Federal Circuit held that the relevant statute bars review of the decision to institute and rejected that argument. At the same time, the Federal Circuit again went further and provided additional statements endorsing the PTAB's holistic approach—this time emphasizing that "a challenge based on a defect in the initiation that could have been cured by a proper pleading is not reviewable."⁹

Belden v. Berk-Tek

The Federal Circuit's push towards holistic patentability determinations does not simply result in approving PTAB decisions; it also includes reversing PTAB decisions that fail to consider the issues more broadly.

In *Belden*, the PTAB instituted IPR proceedings but ultimately held that some of the claims were patentable in its final written decision. To support its decision, the PTAB pointed to the fact that the petitioner failed to give a reason *why* one skilled in the art would make the specific proposed modification of two references.¹⁰ In other words, the PTAB considered the arguments by the petitioner and, finding them lacking, sustained the patent claims.

The Federal Circuit reversed that part of the decision, noting that the record was "one-sided" on whether one of skill would have been motivated to make the combination proposed in the petition. Interestingly, the Federal Circuit emphasized the evidence in the record to support its reversal but did not discuss whether the petition had itself presented similar arguments and corresponding citations to the record in challenging the claims.

PTAB Decisions

The PTAB appears to have noted the Federal Circuit's underlying message on determining patentability under a more holistic approach.

Square v. Unwired Planet

For example, in a recent final written decision in *Square, Inc. v. Unwired Planet LLC*,¹¹ the PTAB again demonstrated its willingness to consider more than just the explicit arguments advanced by the petitioner. Similar to the facts in the *Cuozzo* case, the petition in *Square* specifically challenged a dependent claim using a particular prior art reference, but did not challenge a parent claim using that prior art reference.

The petition asserted that claims 1 and 12 of the challenged patent were anticipated by U.S. Patent No. 5,948,040 (DeLorme). Interestingly, claim 12 depends from claim 1 through an intermediate claim (claim 11), which was challenged in the petition using other prior art references, but not DeLorme. In its decision to institute, the PTAB treated the petition as challenging claim 11 as anticipated by DeLorme and determined that "Petitioner had a reasonable likelihood of prevailing on"

⁵ *In re Cuozzo Speed Techs., LLC*, 793 F.3d at 1272–73 (edits in original).

⁶ *Id.* (citing 35 U.S.C. § 312(a)(3)).

⁷ *Id.* at 1274.

⁸ CBM2013-00020, paper 100 (P.T.A.B. May 15, 2014).

⁹ *SightSound Techs., LLC*, No. 2015-1159 at *4.

¹⁰ *Berk-Tek*, 805 F.3d at 1072 ("The Board faulted Berk-Tek for giving no 'apparent reason to combine the known elements of JP 910 and CA 046' ")

¹¹ IPR2014-01164, paper 28 (P.T.A.B. Nov. 19, 2015).

this ground.¹² The patent owner, however, argued that, because the petitioner never actually challenged claim 11 using DeLorme, it was improper for the PTAB to determine the patentability of that claim over that reference.¹³

Citing to *Cuozzo*, the PTAB held that it had authority to determine the patentability of that claim using that reference, notwithstanding the lack of a particular challenge to that effect: “The Board’s authority at the final decision stage is not limited to the grounds alleged in the Petition.”¹⁴

Global Tel*Link v. Securus

At the same time, there does appear to be a limit to how far the PTAB is willing to go. The recent decision to institute trial in *Global Tel*Link Corp. v. Securus Tech., Inc.* appears to approach, or maybe even straddle, that limit.¹⁵

In that decision, a majority of the panel instituted IPR proceedings on grounds not specifically asserted in the petition for certain claims. In particular, the majority rejected the petitioner’s challenge to claims 1–6 and 16 because the two references it cited for those claims failed to teach or suggest one of the claim limitations.¹⁶ However, a third reference, which was asserted against claims 7–14 and 19–28, supplied “the ‘missing’ limitation.”¹⁷

Citing *Cuozzo* and a finding that the petitioner had established that one skilled in the art would have combined the references, the majority instituted IPR proceedings on claims 1–6 and 16.¹⁸ At the same time, one of the judges dissented from this decision, suggesting that this case may mark the external boundary of the PTAB’s willingness to stretch a patentability challenge. Nevertheless, and in keeping with the PTAB’s approach, even the dissenting judge acknowledged the broad discretion given to the PTAB by *Cuozzo*, with the grounds for her dissent simply that she would not have exercised such discretion in this case.¹⁹

CareCloud v. AthenaHealth

Other PTAB decisions have not ended so favorably for the petitioner. For example, in *CareCloud Corp. v. AthenaHealth, Inc.*, the PTAB refused to look beyond the specific arguments presented by the petitioner and rejected its challenge. In particular, the petitioner provided a claim chart that mapped portions of various prior art references to the challenged claims, but provided no “analysis as to why modifying the prior art

reference[s] to meet” the challenged claims “would have been within the ability of one of ordinary skill.”²⁰

Having identified that gap, the PTAB continued: “Petitioner appears to be further inviting the Board to provide *sua sponte* rationales for modifying that specific prior art to meet those differences, presumably based on those same disclosures identified in the claim chart. We decline to perform such *sua sponte* analyses, as the burden is on Petitioner, and not on the Board, to show that a claim is unpatentable, and for the Board to do otherwise would impermissibly place us in the role of advocate and not arbiter.”²¹

Ariosia v. Verinata

Similarly, in *Ariosia Diagnostics v. Verinata Health, Inc.*,²² the PTAB noted that the petitioner failed to provide reasoning as to why and how those references would be combined to reach the claimed invention.²³ Faced with this “inadequacy of the obviousness analysis in the Petition and accompanying Declarations,” the PTAB ended its analysis by stating, “we decline to search through the record and piece together those teachings that might support Petitioner’s position,” citing to a Seventh Circuit case explaining that “[a] brief must make all argument accessible to the judges, rather than ask them to play archeologist with the record.”²⁴

Takeaway

Building on the Federal Circuit’s endorsement of holistic patentability determinations, the PTAB now has greater “discretion” to consider arguments outside of the briefings. Furthermore, the general trend appears to support greater discretion for those situations identified by the Federal Circuit in which a “proper petition” could have been granted based on the evidence of record.

As a result, participants in an IPR or CBM proceeding should consider the entire factual record—and not just the specific grounds and arguments presented by the parties. Under this approach, patent owners may benefit from having their expert address potential alternative grounds of unpatentability that could be supported from the evidence on record. Similarly, in some situations, petitioners that submit expert declarations with detailed explanations for obviousness as well as anticipation may find additional arguments to support their cases.

As the PTAB continues to develop its body of decisions, and as the Federal Circuit continues to weigh in on the PTAB’s “expertise,” these adjudicatory bodies should help clarify this important issue.

¹² IPR2014-01164, paper 7 at 9–15 (P.T.A.B. Nov. 19, 2015); See also IPR2014-01164, paper 28 at 10–11.

¹³ IPR2014-01164, paper 28 at 23.

¹⁴ *Id.*

¹⁵ IPR2015-01226, paper 18 (P.T.A.B. Dec. 28, 2015).

¹⁶ *Id.* at 16–17.

¹⁷ *Id.* at 19.

¹⁸ *Id.* at 19 & 22.

¹⁹ *Id.* at 26–27.

²⁰ CBM2014-00143, paper 36 at 35.

²¹ *Id.*

²² IPR2013-00276, Paper 43

²³ *Id.* at 16.

²⁴ *Id.* at 16–17 (citing *DeSilva v. DeLeonardi*, 181 F.3d 865, 866–67 (7th Cir. 1999)).